



**POLITICAL
INTELLIGENCE**

Gearing up for a new government: the impact of automotive policy on the next general election

By Jack Williamson and Jack Green-Morgan



Introduction

The auto sector is one of jewels in the crown of UK industry, responsible for annual turnover of £67bn, 780,000 jobs and exports to more than 100 countries. There are also around 41m licensed vehicles in the UK, and an equivalent number of licensed drivers, highlighting the extent to which motor policy impacts the lives of UK citizens.

As such, automotive policy serves as an ideal political vehicle for delivering pledges and highlighting dividing lines on a variety of key policy areas across industrial strategy, international trade, net zero, levelling up, and more recently, the cost of living. The looming general election is expected to be no different, with the campaign likely to feature a clash between rival visions for policy in the sector. The experience of the 2023 Uxbridge by-election suggests it may also include the added dimension of culture wars over low emission zones, 20 mile per hour speed limits, and 15-minute cities.

This Dods Political Intelligence report provides a concise state of play on various key aspects of UK automotive policy, from electric vehicle manufacturing and charge point infrastructure to roads and parking, with analysis from our Political Consultants on how these issues might feature in the 2024 general election.

UK Automotive Policy – State of Play

EVs and the ZEV Mandate

Transport is the highest emitting sector in the UK, accounting for around a quarter of total UK emissions. However, the sector is moving away from the source of these emissions - Internal Combustion Engine (ICE) vehicles - towards low-emission and zero-emission vehicles (ZEVs) as part of the UK's legally binding drive to net zero by 2050. Figures released by the Society of Motor Manufacturers and Traders (SMMT) show manufacturers sold a record 1.9m battery electric vehicles in the UK in 2023.

The rapid growth in the ZEV market follows the 2020 the Conservative government plan, as part of [The Ten Point Plan for Green Industrial Revolution](#), to end the sale of new petrol and diesel cars and vans in 2030 and for all new cars and vans to be zero-emission from the tailpipe by 2035. However, in a [September 2023 speech](#) setting out a the new approach to net zero policy, Prime Minister Rishi Sunak delayed the deadline by five years. Under the [zero emission vehicle mandate](#), which came into effect in January 2024, 80 percent of new cars and 70 percent of new vans sold in the UK will need to be zero emission by 2030, increasing to 100 percent by 2035.

The government said the delay to the target represented a more “pragmatic, proportionate and realistic” approach to net zero which would give households “more time to make the transition” amid the ongoing cost-of-living pressures from inflation in the wake of the Covid and energy crisis.

Labour's [plan for the automotive sector](#), published a few days after Sunak's announcement, said the decision to delay the 2030 phase-out of petrol and diesel vehicles was a huge setback for manufacturers and pledged to work with industry to hit the original 2030 ZEV Mandate target.

Some manufacturers have warned that shifting the target could affect their long-term planning. However, the sector received a major boost in November 2023 when [Nissan announced a £2bn](#) plan to build three EV models at its Sunderland plant, Britain's biggest car factory. While this was backed by an unspecified amount of UK government investment, it represented a significant vote of confidence in the UK's automotive sector from a major manufacturer. Confidence in the sector grew further in December 2023 when the government and European Commission agreed a three-year delay to EU rules of origin legislation which would have imposed additional tariffs on some UK vehicle exports and imports from 2024.

The public attitude to EVs did not prove as resilient, with a February 2024 [Lords Select Committee](#) report finding that Sunak’s speech had undermined consumer confidence in electric vehicles. After the speech, an Autotrader survey found that 37 percent of consumers said they would never buy an EV.

Key stakeholders including the Climate Change Committee and the Environmental Audit Committee have also expressed concern that the delay could impact the UK’s ability to meet its legally binding net zero target.

Charging Infrastructure

Part of the rationale for revising the ZEV mandate was that the charging infrastructure required to support a national transition to ZEVs was not yet in place. The government’s [Electric Vehicle Infrastructure Strategy](#) set a target of 300,000 installed chargepoints by 2030. As of January 2024, there were [53,000 public chargepoints](#), an increase of 44 percent from January 2023.

The providers rolling out the UK’s EV charge-point network face a range of challenges, including developing the necessary electrical infrastructure and ensuring a fair geographic distribution of chargepoints. As such, the government has implemented policies to support the growth of the charging network, including the introduction of regulations in the [Connections Action Plan](#) to make it easier to connect chargepoints, as well as consumer-side reforms promised under the [Plan for Drivers](#) to make chargepoints more accessible to drivers.

While ministers have said the government is on track to meet the headline 300,000 chargepoint target and make the UK ZEV-ready, it failed to meet the interim target of installing at least six rapid chargers at every motorway service station by the end of 2023. Only 39 percent of service stations met the six-charger target.

Batteries, Giga-Factories and Critical Minerals

To support companies switching to manufacturing EVs, the government has looked to encourage the development of a domestic battery manufacturing industry and related supply chain. However, the scale of the challenge for the sector was made clear in November 2023 when the House of Commons Business and Trade Select Committee [published a report](#) which found the UK faced a “gigafactory gap” and insufficient domestic battery production to meet demand. Under announced plans, the domestic battery industry would only satisfy half the required capacity needed for the UK automotive industry by 2030, it said.

To address this issue, the government have taken steps including: establishing the £1bn Automotive Transformation Fund, incentivizing Tata to build a 40GWh gigafactory in Somerset, and [committing to £2bn of investment](#) support for the automotive industry’s supply chain in the 2023 Autumn Statement. Further support was set out in its [Advanced Manufacturing Plan](#) and [Battery Strategy](#), which outlined the backing available for battery-sector manufacturing, supply chain growth, and R&D.

A key element of the battery strategy is securing the supply of critical minerals needed for battery manufacturing. China is the largest manufacturer of lithium-ion batteries, and controls a large portion of the global supply chain. To mitigate against what the cross-party Business and Trade Committee called a “strategic vulnerability”, the government published a [“Critical Imports and Supply Chains Strategy”](#), which outlines steps to address the impact of supply chain shocks and import barriers.

Roads and Highways

State body National Highways, which is run by the Department for Transport (DfT), is responsible for the [Strategic Roads Network \(SRN\)](#) which comprises 4,500 miles of motorways and major A roads. The SRN is the most heavily used part of the national road network, carrying a third of all

traffic and two-thirds of all freight. In spring 2023, the DfT led a [consultation](#) on the [SRN Initial Report](#), however a formal response is still pending. The consultation has since informed the government's draft Road Investment Strategy (RIS), with the government due to publish its final Road Investment Strategy for 2025-30 in 2024.

A Transport Committee [report](#) on strategic road investment published in July 2023 said road building projects since the 2015 Infrastructure Act had been “beset by delay and overspend” amid legal challenges on environmental grounds, and said the DfT needed to ensure future road investment plans were deliverable and reconsider its SRN enhancement projects. However, UK roads received plans for a major funding boost in October 2023 with the government's [Network North](#) strategy pledging £8.3bn for repairs and improvements, including £2.8bn for potholes in southern England.

On the fiscal front, the government froze fuel duty rates in the Spring 2024 Budget, a tax cut worth £3.1bn over 2024-25. The temporary 5p cut in fuel duty rates will be extended until March 2025 and the planned inflation increase for 2024-25 will not take place. The independent Office for Budget Responsibility (OBR) has estimated that the fuel duty freeze would save taxpayers a total £3.1bn over a 12-month period.

On parking, the Local Government Authorities report: [The path to inclusive footways](#), has called for powers to ban pavement parking to be extended across England. Pavement parking is only banned in London, where councils have powers to exempt certain roads. The government held a consultation on extending this ban to all councils in England in 2020, but has yet to respond to its findings. Pressed on the issue of pavement parking in parliament in March 2023, the then Under-secretary of State for Transport, Richard Holden, [said](#) the issue was a priority and the government aimed to publish a formal response as soon as possible, but apologized that he could not say when that might be.

Measures in the Automated Vehicles Bill (details below) will also have an impact on the parking sector. The planned legislation aims to digitise Traffic Regulation Orders (TROs) in England, meaning local authorities will be required to send the legal orders they make to a central publication platform. This data will be used to create a digital map of the road network, to support the safe operation of self-driving vehicles and make parking simpler, by providing better information on the location and availability of spaces.

Automated Vehicles

Automated Vehicle (AV) technology promises huge potential for reducing road accidents, of which 88 percent involve human error. AVs could also improve connectivity for those unable to drive or living in remote locations, providing greater access to jobs and public services. Trials are underway across the UK, including self-driving bus services in Edinburgh and heavy goods vehicles in Sunderland.

The [Automated Vehicles Bill](#), introduced in the 2023 Kings Speech, aims to “set a rigorous safety framework for self-driving vehicles”. It promises to set the threshold for self-driving vehicles in law, meaning only vehicles that can follow all road traffic rules without the need for human monitoring or control of the vehicle, will be classified as self-driving and allowed on the roads. The government ambition is for self-driving vehicles to meet the equivalent safety standard of a competent human driver.

Under the Bill a new scheme will guarantee there is an authorized self-driving entity (ASDE) associated with every self-driving feature in a vehicle. The ASDE, such as a manufacturer or software developer, will assume responsibility for how the vehicle drives when the self-driving feature is activated.

The Bill distinguishes between two types of self-driving features: those that can complete an entire journey in self-driving mode and those that can complete only part of a journey. In the latter case, the Bill shields the user-in-charge—the driver of the vehicle—from prosecution for offences relating to driving. However, the user will be responsible for roadworthiness and insurance. For no-user-in-charge cases, the Bill creates a new legal entity called a no-user-in-charge (NUIC) operator. The NUIC operator will be comparable to a fleet operator; responsible for overseeing the vehicle and responding to incidents such as breakdowns.

The Bill includes a strict obligation on both ASDEs and NUIC operators, to disclose safety data as part of in-use regulation, and grants powers to investigate incidents and issue regulatory sanctions. The Bill does not deal with other forms of self-driving technology and will cover Great Britain, but not Northern Ireland.

LTN's & ULEZ

Schemes such as Low Traffic Neighbourhoods (LTNs) and the Ultra Low Emission Zone (ULEZ) in London have shifted from being local issues, to the subject of national political debate in recent months. LTNs and low-emission zones (LEZs) were set up to tackle air pollution, which according to the World Health Organization (WHO) causes more than 300,000 premature deaths a year in the European Union alone.

Zero-emission, low-emission, and clean air zones have all been established in the UK under the [Transport Act 2000](#). This grants local traffic authorities permission to adopt different [urban access regulation schemes](#). These schemes are designed to regulate access to urban areas based on the emissions of motorised vehicles. Following a government mandate in 2017, several cities in the UK have implemented clean air zones, including London, Birmingham, Sheffield and Portsmouth. Prior to its expansion in August 2023, the London ULEZ had already contributed to a [46 per cent reduction](#) in city centre NO2 concentration levels since 2019.

Debate about the ULEZ in particular was credited with being a deciding factor in the Uxbridge and South Ruislip by-election in July 2023, which was narrowly held by the Conservatives after their candidate campaigned against the environmental measure championed by London mayor Sadiq Khan. Labour leader Keir Starmer said it was the reason his party did not win, and said “we’ve all got to reflect on that, including the mayor,” though he did not say whether he thought the ULEZ should be scrapped or curtailed. In a sign the Conservatives could continue to use the ULEZ scheme as a wedge issue, Chancellor of the Exchequer Jeremy Hunt mentioned it in his 2024 Budget speech, with the claim that “The Labour Mayor of London wants to punish motorists even more with his ultra low emission zone plans.”

In contrast to LEZs, LTNs use physical barriers to restrict traffic on local roads, aiming to reduce noise and air pollution, as well as road accidents. Critics of LTNs have accused them of restricting freedom of movement, and of being introduced without the consent of residents.

In July 2023 Rishi Sunak [ordered a review of LTNs](#), which [reports](#) suggested was supposed to be published in January 2024. In March 2024, the DfT published the [Low Traffic Neighborhoods Research Report](#) into the effectiveness of LTNs, concluding that LTNs generally had positive impacts of which residents often had low awareness. Alongside the report, DfT issued [draft guidance](#) to local authorities on implementing low traffic neighborhoods. The guidance forms part of the [Plan for Drivers](#), which the government said would “restrain the most aggressively anti-driver traffic management measures”. As part of the Plan for Drivers, [guidance](#) was also issued to local authorities on setting 20mph speed limits, with DfT [warning](#) local authorities that compliance may have “implications for the awarding of funding in the future”.

The Plan for Drivers also promised to explore options to stop local councils using so-called 15-minute cities. Fifteen-minute cities is a relatively recent sustainable urban planning concept which

considers having amenities like supermarkets within a quarter of an hour's walk of cycle from homes to reduce the need for cars and cut emissions. At the 2023 Conservative party Conference, Transport Minister Mark Harper said there was nothing wrong with having amenities close to where people lived but added, "What is sinister and what we shouldn't tolerate is the idea that local councils can decide how often you go to the shops and that they ration who uses the roads and when, and they police it all with CCTV." The government has not produced any evidence that councils have tried to control peoples' movements, and media reports suggested the politician was echoing conspiracy theories related to the concept.

Dods Insight

Jack Williamson, Political Consultant for Transport, and Jack Green-Morgan, Political Consultant for Energy, Utilities, and Net Zero:

"While the car sector has huge economic importance to the UK, the debates on automotive policy in the looming local elections in May and general election later in the year are likely to coalesce around two themes: the cost-of-living crisis and lifestyle choice.

Prime Minister Rishi Sunak has positioned himself as the champion of drivers, and pledged to end what he has called the "war on motorists." This strategy has been seen to work with the electorate, with the Conservatives' unexpected victory in the 2023 Uxbridge and Ruislip by-election underpinned by opposition to Labour plans to expand the London Ultra Low Emission Zone. While Labour's London Mayor has said that ULEZ is necessary to improve air quality and the environment, the Conservatives have argued that the scheme's costs fall disproportionately on poorer households already struggling with rising costs who cannot afford to buy compliant vehicles.

Conservative rhetoric has often focused on consumers, with motorists receiving greater political attention than the automotive industry, which is still recovering post-Brexit. The Conservatives have criticized the unpopular rollout of 20mph zones in Wales and other motoring measures supported by Labour, including the low traffic neighborhoods, on the grounds that people depend on cars and vans to get around and for their businesses. The government's Plan for Drivers opens with the claim "there is nothing wrong with driving" and road construction and repair plans included in the Network North strategy have been pitched as supporting the freedom of motorists who choose to travel by car.

At the same time, the Conservatives have pushed back the phase-out of sales of new petrol and diesel vehicles by five years on the grounds that it will ease cost-of-living pressures, a move that was criticized by the sector and climate campaigners. That has created another dividing line with Labour who have committed to maintaining the original 2030 deadline for 100 percent new ZEV vehicle sales.

These political arguments on automotive policy are likely to play out in the May 2024 local elections, and then again in the general election later in the year. However, despite the claims and counterclaims about the merits and costs of ULEZ and LTNs, and disagreement about the timing of the ZEV mandate, the Conservatives and Labour are not that far apart on the fundamentals of automotive policy. Both parties support the transition to electric vehicles, and both are equally keen to ensure the UK remains a car manufacturer and exporter. That means that after the fog of the election war has cleared, the sector and its stakeholders can count on broadly similar policy agendas from whoever is in Number 10."



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